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## RENEWAL CERTIFICATE

<b>Renewal Period</b> From: 06/09/09 To: 06/09/10		<b>Type of Policy</b> Marine General Liability Including Marine Contractor's Legal Liability and Charterer's Liability			<b>Policy No.</b> OL08400599
<b>RENEWAL PREMIUM</b>					
<b>Hull</b> \$	<b>P&amp;I</b> \$	<b>Liability</b> \$110,250.	<b>Excess</b> \$	<b>TRIA</b> \$not covered	<b>Total</b> \$110,250.

### Name and Mailing Address of Insured

PACIFIC PILE & MARINE LP

582 RIVERSIDE DRIVE  
SEATTLE WA 98108

In consideration of the renewal premium the above numbered policy is renewed for the period specified, subject to the terms and conditions thereof, except as hereinafter provided:

### Exceptions:

Premium: \$110,250 Deposit  
\$ 93,725 Minimum

Rates: .315% - MGL  
to be agreed - Charterer's Legal

The following form is added:

SECTION IV: Charterers Liability OMOL0500

Reporting: Annually, due within 30 days of expiration

IN WITNESS WHEREOF, the Company has caused this Certificate to be signed by its President and Secretary but this Certificate shall not be valid unless countersigned by a duly authorized representative of the Company.

  
Secretary

  
President

### Agency Name and Address

BACIC GROUP LLC

1011 NE HIGH ST SUITE 101  
ISSAQUAH WA 98029

Seattle, Washington

Countersigned Date

Countersigned At

Authorized Representative





## COPY

## POLICY FORM LIST

Here's a list of all forms included in your policy, on the date shown below. These forms are listed in the same order as they appear in your policy.

Title	Form Number	Edition Date
Disclosure Notice Terrorism Risk Insurance Act Of 2002	D0101	01-08
Rejection Of Our Offer Of Coverage		
Renewal Certificate	OMGE0002	05-06
Declarations Page	OMGE0001	07-05
Policy Form List	40705	05-84
AIMU - Chemical, Biological, Bio-Chemical And Electromagnetic Exclusion Clause (3/1/03)	OMGE0100	03-03
AIMU - Extended Radioactive Contamination Exclusion Clause (3/1/03)	OMGE0101	03-03
AIMU U.S.Economic And Trade Sanctions Clause	OMGE0108	10-06
Marine General Liability	OMOL0001	04-08
Marine Contractor's Legal Liability - MGL	OMOL0009	07-05
Blanket Additional Insured - Including Completed Operations (Standard Form)	OMOL0140	07-05
Employee Benefits Liability	OMOL0108	07-05
Limited Sudden And Accidental Pollution Endorsement - MGL	OMOL0115	07-05
Stop-Gap Liability Endorsement	OMOL0127	07-05
Terrorism Risk Insurance Act Certified Acts Of Terrorism Exclusion Endorsement	OMOL0129	01-08
Alaska Department Of Commerce And Economic Development Division Of Insurance Attorney Fees Coverage Notice A	OMOL0132	07-05
Watercraft Exclusion Amendment For Completed Operations Hazard	OMOL0157	01-08
Named Insured	OMOL0500	07-05
Rate Schedule	OMOL0500	07-05
Incidental Wharfinger's / Stevedore's Liability Endorsement	OMOL0500	07-05
Section IV: Charterer's Liability	OMOL0500	07-05
Section IV: Charterer's Liability - continued	OMOL0500	07-05

PLEASE NOTE: This is a renewal of your policy. Some of the forms that make up your policy may not be attached. Only agreements or endorsements that are new or have been changed are attached. Please refer to your previous policy for any forms listed here that are not attached.

<b>Name of Insured</b> PACIFIC PILE & MARINE LP	<b>Policy Number</b> OL08400599	<b>Effective Date</b> 06/09/09
	<b>Processing Date</b> 11/24/09	11:10 001



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**Section IV: Charterer's Liability**

This section is subject to the terms, conditions, and exclusions contained in Section I and II of this policy, and is further subject to the additional exclusions applicable to this section.

**1. Insuring Agreement:**

Subject always to the limits of insurance set forth in Clause 7 of Section I, the Company will pay on behalf of the insured all sums which the insured, by reason of liability as a Charterer of watercraft, shall become legally obligated to pay as damages for:

- A. "Property damage" to chartered watercraft, including demurrage and/or detention liability directly resulting therefrom, imposed upon the insured by reason of "watercraft charter" provisions with respect to safe berths, safe ports or the watercraft lying safely afloat or liabilities for such loss or damage arising out of the watercraft loading and/or unloading operations.
- B. Damage to property or "bodily injury" other than that covered by clause A. above arising from a "watercraft charter".

This insurance applies only if the damage or injury is caused by an "occurrence" that occurs during the policy period and subsequent to the execution of the "watercraft charter".

**2. Additional Exclusions Applicable to the Section:**

In addition to the exclusions contained in Section II, Coverage A, it is expressly understood and agreed that this section is also subject to the following exclusions:

This insurance does not apply to:

- A. Any liability (other than as provided in Insuring Agreement 1 above) assumed under contract or agreement. This exclusion does not apply to liability that you would have in the absence of the contract or agreement;
- B. Loss, damage, or expense arising out of the operation of any watercraft owned by, or bareboat or demise chartered to, the insured or any affiliated or subsidiary concern or party;
- C. Loss or damage to property of the Insured;

continued on back

**Name of Insured**  
PACIFIC PILE & MARINE LP

**Policy Number** OL08400599

**Effective Date** 06/09/09

**Processing Date** 11/24/09 11:10 001

- D. Detention and/or demurrage except as provided in Insuring Agreement 1 above. Claims for demurrage resulting from quarantine existing at a port of discharge, loading or call without the knowledge of the insured shall be covered by this coverage;
- E. Loss, damage or expense to cargo carried on the chartered watercraft, whether on board or not; or for general average, salvage, sue and labor costs, or collision liability in respect to such cargo or applicable to freight or charter hire.
- F. Any liability for loss, injury, damage or expense arising out of the actual, alleged or threatened seepage, discharge, dispersal, disposal or dumping, release, migration, emission, spillage, escape, or leakage of "pollutants" into or upon land, atmosphere, environment, or any watercourse or body of water, as well as:
- (a) Any cost or expense imposed upon or assumed by the insured, or arising out of any request, demand or order upon any insured or others, or arising out of any "claim" or "suit" brought by or on behalf of a governmental authority, in connection with testing for, monitoring, evaluating, controlling, cleaning up, removing, containing, treating, detoxifying, nullifying, neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
  - (b) Any cost or expense imposed upon or assumed by the insured, or arising out of any request, demand or order upon any insured or others, or arising out of any "claim" or "suit" brought by or on behalf of a governmental authority, in connection with damage to or degradation of natural resources, including fish, animals, vegetation, and other life form inhabitants, and/or to the environment, including costs of assessing whether and to what extent such damage or degradation has occurred, costs of evaluating, monitoring, controlling, removing and/or nullifying such damage or degradation, and costs of replacing, replenishing and/or acquiring the equivalent of damaged or degraded natural resources;
  - (c) Any loss, injury, damage or expense arising out of "pollutants" which were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom the insured may be legally responsible.

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Section IV: Charterer's Liability - continued

3. Premium:

This coverage section is issued in consideration of a minimum and deposit premium of \$ included payable at inception.

The insured agrees to report prior to the commencement of a "watercraft charter"; the description of the each vessel; charter period and copy of "watercraft charter". Addition premium to be assessed and agreed upon based on the above information and due and payable to this Company.

4. Additional Definitions:

"Watercraft charter" means a document of agreement made for consideration embodying the terms of a contract for the hire of the whole or part of a watercraft. Under the "watercraft charter", the owner of the watercraft hires the watercraft or part thereof to a charter for a specific period of time or for a specific voyage. Under this type of charter, the responsibility for the operation and safety of the watercraft remain with the watercraft owner.

Name of Insured

Policy Number OL08400599

Effective Date 06/09/09

PACIFIC PILE & MARINE LP

Processing Date 11/24/09 11:10 001

OMOL0500 Ed. 7-05

Customized Form

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Page 1







# OCEAN MARINE CLAIM

## COVERING THE WATERS OF THE WORLD

At Travelers, we know that professional claim handling means knowing that you'll get answers, not hassles. It means knowing that your clients will be treated fairly, and that their claims will receive prompt attention and unmatched professional service. It means knowing that you'll be working with an experienced staff who understand your client's business and will do what they promise - whether it's returning a phone call or e-mail, making a personal visit or sending a check. Most importantly, it's knowing that what matters to you is what matters to us.

Our dedicated Ocean Marine Claim Unit, under the leadership of Anthony Corsale, features professionals located where you need them - in the field. Working in tandem with our claim handlers, our recovery specialists help maximize your recovery potential while keeping your expenses to a minimum.

For the most efficient claim service, please call, fax or e-mail your claims directly to the regional or specialty manager for the state where you are located.

Region / Specialty	States	Manager
<b>West</b>	AZ, CA, CO, HI, NM, NV, UT	<b>Donna Zeller</b> Phone: 206.464.5740 Fax: 206.464.3432 E-mail: dzeller@travelers.com
<b>Northwest</b>	AK, ID, MT, OR, WA, WY	<b>Donna Zeller</b> Phone: 206.464.5740 Fax: 206.464.3432 E-mail: dzeller@travelers.com
<b>Midwest</b>	IA, IL (northern), IN, KY, MI, MN, ND, NE, OH, SD, WI	<b>Wyndell Hunt</b> Phone: 281.606.7251 Fax: 281.606.8516 E-mail: wdhunt@travelers.com
<b>Northeast</b>	CT, MA, ME, NH, NY, RI, VT	<b>Theresa Gilbert</b> Phone: 917.778.6411 Fax: 917.778.7009 E-mail: tgilbert@travelers.com
<b>Mid-Atlantic and Southeast</b>	AL, DC, DE, FL, GA, MD, NC, NJ, PA, SC, TN, VA, WV	<b>Mark Smieya</b> Phone: 732.205.9275 Fax: 888.479.0550 E-mail: msmieya@travelers.com
<b>South Central</b>	AR, IL (southern), KS, LA, MO, MS, OK, TX	<b>Wyndell Hunt</b> Phone: 281.606.7251 Fax: 281.606.8516 E-mail: wdhunt@travelers.com
<b>Recovery</b>	Countrywide	<b>Suzanne Chaffer</b> Phone: 631.577.7403 Fax: 631.577.7877 E-mail: schaffer@travelers.com
<b>Yachts</b>	Countrywide	<b>Joe Grenzebach</b> Phone: 206.464.5739 Fax: 206.464.3432 E-mail: jgrenzeb@travelers.com

## IMPORTANT NOTICE - INDEPENDENT AGENT AND BROKER COMPENSATION

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

For information about how Travelers compensates independent agents and brokers, please visit [www.travelers.com](http://www.travelers.com), call our toll-free telephone number, 1-866-904-8348, or you may request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.



**DISCLOSURE NOTICE**  
**TERRORISM RISK INSURANCE ACT OF 2002**  
**REJECTION OF OUR OFFER OF COVERAGE**

---

You did not accept our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002. Therefore, this policy contains one or more exclusions that apply to certified acts of terrorism. Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the applicable definition of certified acts of terrorism no longer requires that the act of terrorism be committed on behalf of a foreign person or foreign interest. Therefore, each such exclusion is not limited to an act of terrorism committed on behalf of a foreign person or interest.

If you were not made aware of our offer of coverage for certified acts of terrorism, or believe that this notice was included in this policy in error, please notify your agent or broker immediately.

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**Name of Insured:** PACIFIC PILE & MARINE LP

**Policy Number:** OL08400599

**Effective Date:** 06/09/09

**Processing Date:** 11/24/09 11:10 001

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**TRAVELERS**

Policy Number OL08400599

Former Policy Number NEW

INSURANCE IS PROVIDED BY THE COMPANY DESIGNATED BELOW

St. Paul Fire &amp; Marine Insurance Company

A CAPITAL STOCK COMPANY HEREIN CALLED THE COMPANY

**DECLARATIONS****NAME AND ADDRESS OF ASSURED**

PACIFIC PILE &amp; MARINE LP ✓

582 RIVERSIDE DRIVE ✓  
SEATTLE WA 98108**NAME AND ADDRESS OF AGENCY**

BACIC GROUP LLC

1011 NE HIGH ST SUITE 101  
ISSAQUAH WA 98029

Does hereby insure according to the form and clauses attached:

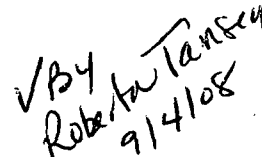
Amount Insured per form	Rate/\$100. per form	Premium \$112,500 deposit ✓ \$ 80,000 minimum
Loss, if any, payable to Assured, or Order		
From June 9, 2008 ✓	To June 9, 2009 ✓	Beginning and ending with (Time) 12:01 A.M. Standard Time
Upon Marine General Liability including Marine Contractor's Legal Liability; in accordance with the terms, conditions and exclusions of this policy.		

Reporting: Annually, due within 30 days of expiration.

IN WITNESS WHEREOF, the Company designated on the Declarations page has caused this Policy to be signed by its President and Secretary and countersigned on the Declarations page by a duly authorized representative of the Company.


  
Secretary


  
President


  
VBY  
Robert Tansley  
9/4/08

Countersigned Date

Countersigned At

Authorized Representative



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# POLICY FORM LIST

Here's a list of all forms included in your policy, on the date shown below. These forms are listed in the same order as they appear in your policy.

Title	Form Number	Edition	Date
Disclosure Notice Terrorism Risk Insurance Act Of 2002	D0101	11-02	✓
Rejection Of Our Offer Of Coverage			
Declarations Page	OMGE0001	07-05	✓
Policy Form List	40705	05-84	✓
AIMU - Chemical, Biological, Bio-Chemical And Electromagnetic Exclusion Clause (3/1/03)	OMGE0100	03-03	✓
AIMU - Extended Radioactive Contamination Exclusion Clause (3/1/03)	OMGE0101	03-03	✓
AIMU U.S.Economic And Trade Sanctions Clause	OMGE0108	10-06	✓
Marine General Liability	OMOL0001	04-08	✓
Marine Contractor's Legal Liability - MGL	OMOL0009	07-05	✓
Blanket Additional Insured - Including Completed Operations (Standard Form)	OMOL0140	07-05	✓
Employee Benefits Liability	OMOL0108	07-05	✓
Limited Sudden And Accidental Pollution Endorsement - MGL	OMOL0115	07-05	✓
Stop-Gap Liability Endorsement	OMOL0127	07-05	✓
Terrorism Risk Insurance Act Certified Acts Of Terrorism Exclusion Endorsement	OMOL0129	01-08	✓
Alaska Department Of Commerce And Economic Development Division Of Insurance Attorney Fees Coverage Notice A	OMOL0132	07-05	✓
Watercraft Exclusion Amendment For Completed Operations Hazard	OMOL0157	01-08	✓
Named Insured	OMOL0500	07-05	✓
Rate Schedule	OMOL0500	07-05	✓
Incidental Wharfinger's / Stevedore's Liability Endorsement	OMOL0500	07-05	✓

Name of Insured  
PACIFIC PILE & MARINE LP

Policy Number OL08400599

Effective Date 06/09/08

Processing Date 06/18/08 12:41 001

40705 Ed.5-84

Form List

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Page 1



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**AIMU  
CHEMICAL, BIOLOGICAL, BIO-CHEMICAL, AND  
ELECTROMAGNETIC EXCLUSION CLAUSE**

(March 1, 2003)

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**This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.**

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to or arising from an actual or threatened act involving a chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material when used in an intentionally hostile manner.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

**Name of Insured**  
PACIFIC PILE & MARINE LP

**Policy Number** OL08400599

**Effective Date** 06/09/08

**Processing Date** 06/18/08 12:41 001



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**AIMU  
EXTENDED RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE  
WITH U.S.A. ENDORSEMENT**

(March 1, 2003)

**This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.**

1. In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from
  - 1.1 ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
  - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
  - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
  - 1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE  
(U.S.A. ENDORSEMENT)**

This insurance is subject to the Extended Radioactive Contamination Exclusion Clause (March 1, 2003) provided that

if fire is an insured peril

and

where the subject matter insured or, in the case of a reinsurance, the subject matter insured by the original insurance, is within the U.S.A., its islands, onshore territories or possessions

and

a fire arises directly or indirectly from one or more of the causes detailed in Sub-Clauses 1.1, 1.2, and 1.4 of the Extended Radioactive Contamination Exclusion Clause March 1, 2003 any loss or damage arising directly from that fire shall, subject to the provisions of this insurance, be covered, EXCLUDING however any loss damage liability or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

**Name of Insured**

PACIFIC PILE & MARINE LP

**Policy Number** OL08400599

**Effective Date** 06/09/08

**Processing Date** 06/18/08 12:41 001

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## AIMU U.S. ECONOMIC AND TRADE SANCTIONS CLAUSE

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Whenever coverage provided by this policy would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

<b>Name of Insured</b>	<b>Policy Number</b> 0L08400599	<b>Effective Date</b> 06/09/08
PACIFIC FILE & MARINE LP		<b>Processing Date</b> 06/18/08 12:41 001

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**Name of Insured**

PACIFIC PILE &amp; MARINE LP

**Policy Number** OL08400599**Effective Date** 06/09/08**Processing Date** 06/18/08 12:41 001

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# MARINE GENERAL LIABILITY

*This policy should be carefully reviewed to determine rights, duties, coverages and exclusions.*

*The following General Conditions apply to all sections of this policy.*

*"Company" as hereinafter referenced is St. Paul Fire and Marine Insurance Company, which is a capital stock company based in St. Paul, Minnesota.*

*"Insured" as hereinafter referenced is the Named Insured set forth in Clause 1 of the General Conditions, as well as any other person or organization qualifying as such under Clause 11, Persons Insured, of the General Conditions.*

*Other words and phrases which appear throughout this policy in quotation marks have or include special meaning as set forth under Clause 20, Definitions, of the General Conditions.*

*The Form, Section or Clause titles or headings are for reference only and have no bearing on the interpretation of the Forms, Sections or Clauses. All Forms, Sections and Clauses should be read carefully to determine their actual meaning.*

## SECTION I: GENERAL CONDITIONS

1. **NAMED PACIFIC PILE & MARINE LP  
INSURED:**

2. **THE FORM OF NAMED INSURED'S BUSINESS IS:**

- ☐ INDIVIDUAL; ☐ PARTNERSHIP; ☐ JOINT VENTURE;  
☒ LIMITED LIABILITY COMPANY; ☐ CORPORATION;  
☐ OTHER:

3. **ADDRESS OF THE NAMED INSURED:**

582 RIVERSIDE DRIVE  
SEATTLE WA 98108

4. **LOSS, IF ANY PAYABLE TO:** assured or order

5. **POLICY PERIOD:**

From 06/09/2008 to 06/09/2009 at 12:01 A.M. Local Standard Time at the mailing address shown above, in Clause 3, Address of the Named Insured, unless sooner terminated as provided under Clause 9, Cancellation, of the General Conditions.

6. **PREMIUM:**

The Insured, by acceptance of this Policy, agrees to keep an accurate record of all "Gross Charges" for operations covered under the terms and conditions of this

Policy, which record shall be open for examination by representatives of this Company at all times during business hours, during the term of this policy, or thereafter, and further agrees to report to this Company, not later than thirty (30) days following policy expiration, the total amount thereof (collected and uncollected) during said policy period; the earned premium hereunder to be computed thereon at the rate of **see schedule** % and applied against the "Deposit Premium" until same is exhausted, following which all further earned premium shall be due and payable to this Company at the time of filing the report on which the earned premium is due; and any unearned premium, being the amount by which the "Deposit Premium" exceeds the earned premium, shall be refunded upon expiration or cancellation of this policy.

It is agreed that, except in the event of cancellation of this Policy by this Company, the "Minimum Premium" hereunder shall be \$80,000. The "Deposit Premium", payable upon attachment of this Policy, shall be \$112,500 ✓.

**7. LIMITS OF INSURANCE:**

Each "Occurrence" Limit	\$1,000,000 ✓
Fire Legal Liability Limit	\$ 100,000 ✓
Medical Payments Limit	\$ 10,000 ✓
"Personal and Advertising Injury" Limit	\$1,000,000 ✓
"Defense Costs" Limit	\$1,000,000 ✓
General "Aggregate Limit"	\$2,000,000 ✓
Products-Completed Operations "Aggregate Limit"	\$2,000,000 ✓

- (1) The Limits of Insurance set forth above and the rules below fix the most the Company will pay regardless of the number of:
  - (a) Insureds;
  - (b) "Claims" made or "suits" brought; or
  - (c) Persons or organizations making "claims" or bringing "suits".
- (2) Subject to (7) or (8) of this Clause, whichever applies, the Each "Occurrence" Limit is the most the Company will pay for the sum of:
  - (a) "Claims" under Coverage A, Bodily Injury and Property Damage, in Section II, General Liability Coverages; and
  - (b) "Claims" under the "Marine Liabilities" sections of this policy

because of all "bodily injury" and "property damage" arising out of any one "occurrence".
- (3) Subject to (2) of this Clause, the Fire Legal Liability Limit is the most the Company will pay under Coverage D, Fire Legal Liability - Real Property, in Section II, General Liability Coverages, for "claims" because of "property damage" to premises, while rented by the insured or temporarily occupied by the insured with permission of the owner, arising out of any one fire.
- (4) Subject to (2) of this Clause the Medical Payments Limit is the most the Company will pay under Coverage C, Medical Payments, in Section II, General Liability Coverages, for all "medical expenses" because of "bodily injury" sustained by any one person.
- (5) Subject to (7) of this Clause, the "Personal and Advertising Injury" Limit is the most the Company will pay under Coverage B, "Personal and Advertising

Injury" Liability, in Section II, General Liability Coverages, for "claims" because of all "personal and advertising injury" sustained by any one person or organization.

- (6) Subject to (7) or (8) of this Clause, whichever applies, the "Defense Costs" limit is the most the Company will pay for "defense costs" arising out of any one "claim" set forth under (2), (3) or (5) of this Clause.
- (7) The General "Aggregate Limit" is the most the Company will pay in any one annual policy period for the sum of:
- (a) "Claims" under Coverage A, Bodily Injury and Property Damage, in Section II, General Liability Coverages, except "claims" because of "bodily injury" and "property damage" included within the "products-completed operations hazard"; and
  - (b) "Claims" under Coverage B, "Personal and Advertising Injury" Liability, in Section II, General Liability Coverages; and
  - (c) "Medical expenses" under Coverage C, Medical Payments, in Section II, General Liability Coverages; and;
  - (d) "Claims" under Coverage D, Fire Legal Liability - Real Property, in Section II, General Liability Coverages; and
  - (e) "Claims" under the "Marine Liabilities" sections of this policy; and
  - (f) "Defense costs" as described in Clause 7.(6).
- (8) The Products-Completed Operations "Aggregate Limit" is the most the Company will pay in any one annual policy period for the sum of:
- (a) "Claims" under Coverage A, Bodily Injury and Property Damage, in Section II, General Liability Coverages, because of "bodily injury" and "property damage" included within the "products-completed operations hazard"; and
  - (b) "Defense costs" as described in Clause 7.(6).

The Limits of Insurance apply separately to each consecutive annual policy period beginning with the policy period set forth in Clause 5, Policy Period, of Section I, General Conditions; any additional period of less than 12 months will be deemed part of the last preceding policy period for purposes of determining the Limits of Insurance, which shall not be increased.

The Company's right and duty to defend the insured for any "claim" ceases upon exhaustion of the Limit(s) of Insurance applicable to that "claim".

#### 8. DEDUCTIBLE:

The "deductible" under this policy shall be \$10,000. The obligation of the Company to pay "claims", costs, fees and expenses, including "defense costs", under this policy applies only to the total of such amounts applicable to any one "occurrence" or offense which exceeds the "deductible". The Limits of Insurance will not be reduced by the amount of any applicable "deductible".

#### 9. CANCELLATION:

This policy may be cancelled by the Named Insured by surrender thereof to this Company through the Named Insured's authorized agent or broker or by mailing to this Company, through the Named Insured's authorized agent or broker, written notice stating when thereafter the cancellation shall be effective.

This policy may be cancelled by this Company by mailing to the Named Insured at the address shown in this policy, written notice stating when not less than **45** days thereafter such cancellation shall be effective except for **10** days in the event of non-payment of premium. Such notice sent to the Named Insured in care of the agent or broker who negotiated this policy shall have the same effect as if sent directly to the Named Insured.

The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.

If the Named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the policy premium is auditable then the earned premium shall be the greater of: short rate of the "minimum premium" or actual earned premium calculated in accordance with Clause 6, Premium, of the General Conditions.

If the Company cancels, earned premium shall be computed pro rata. If the policy premium is auditable then the earned premium shall be the greater of: pro rate of the "minimum premium" or actual earned premium calculated in accordance with Clause 6, Premium, of the General Conditions.

Premium adjustment may be made either at the time cancellation is effected, or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

#### **10. COVERAGE TERRITORY:**

This insurance applies worldwide, provided any "suit" on the merits to determine the insured's responsibility to pay damages is brought in the United States, its territories and possessions, Puerto Rico or Canada.

#### **11. PERSONS INSURED:**

- (1) Each of the following is an insured under this insurance to the extent set forth below:
  - (a) If the Named Insured is designated in Clause 2 of Section I, General Conditions, as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor and the spouse of the name insured with respect to the conduct of such a business;
  - (b) If the Named Insured is designated in Clause 2 of Section I, General Conditions, as a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof, and their spouses, but only with respect to the conduct of the partnership's or joint venture's business;
  - (c) If the Named Insured is designated in Clause 2 of Section I, General Conditions, as a limited liability company, the limited liability company so designated and any member or manager thereof, but only with respect to their duties as members or managers;
  - (d) If the Named Insured designated in Clause 2 of Section I, General Conditions, is not an individual, partnership, joint venture, or limited liability company, the organization so designated and its "executive officers" and directors but only with respect to their duties as officers and directors. Stockholders of the organization are also insureds, but only with respect to their liability as stockholders.



(2) Each of the following is also an insured:

(a) "Employees" of the Named Insured, other than "executive officers" (if the insured is an organization other than an individual, partnership, joint venture, or limited liability company), managers (if the insured is a limited liability company), "temporary workers" or borrowed servants, but only for acts within the scope of their employment by the Named Insured or while performing duties related to the conduct of the Named Insured's business. However, no "employees" shall be considered an insured with respect to:

1. "Bodily injury" or "personal and advertising injury":

- (i) To an insured, the insured's partners or members (if the insured is a partnership or joint venture), the insured's members or managers (if the insured is a limited liability company), or to any co-"employee" of an insured while that co-"employee" is acting within the scope of their employment by the insured or performing duties related to the conduct of the insured's business;
- (ii) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of clause 1.(i) above;
- (iii) For which there is any obligation to share damages with or repay someone else who must repay damages pursuant to the injury set forth in clauses 1.(i) or 1.(ii) above;
- (iv) Arising out of the "employee" providing or failing to provide professional health care services.

2. "Property damage" to property:

- (i) Owned, occupied or used by,
- (ii) Rented, leased, or loaned to,
- (iii) In the care, custody or control of, or over which physical control is being exercised for any purpose by, the named insured, any "employee" of an insured, any partner or member (if the insured is a partnership or joint venture), or any member or manager (if the insured is a limited liability company).

However item 2.(iii) above does not apply to those specific care, custody and control provisions set forth in the "Marine Liabilities" sections of this policy, which provisions control in this regard.

- (b) Any person (other than an "employee" of the insured), or any organization, while acting as real estate manager for the Named Insured;
- (c) Any person or organization having proper temporary custody of the Named Insured's property in the event of the Named Insured's death, but only:
  - 1. With respect to liability arising out of the maintenance or use of that property; and
  - 2. Until the Named Insured's legal representative has been appointed.

- (d) The Named Insured's legal representative in the event of the Named Insured's death, but only with respect to their duties as such. Said legal representative shall have all of the named insured's rights and duties under this policy.
- (3) With respect to "mobile equipment" registered in the Named Insured's name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with the Named Insured's permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
  - (a) "bodily injury" to a co-"employee" of the person driving the equipment; or
  - (b) "Property damage" to property owned by, rented, leased or loaned to, in the charge of, or occupied by the Named Insured or the employer of any person who is an insured under this policy.
- (4) Any organization newly acquired or formed by the Named Insured, other than a partnership, joint venture or limited liability company, and over which the Named Insured maintains ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
  - (a) Coverage under this provision is afforded only until the 90th day after the Named Insured acquires or forms the organization or the end of the policy period, whichever is earlier;
  - (b) Coverage of a newly acquired or formed organization shall not increase the Company's Limits of Insurance as set forth in Clause 7, Limits of Insurance, of the General Conditions;
  - (c) Coverage of a newly acquired or formed organization shall not apply to accidents, "occurrences" or offenses committed before the Named Insured acquired or formed the organization.

## **12. INSURED'S DUTIES IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT:**

- (1) In the event of an "occurrence" or an offense, written notice containing particulars sufficient to identify the insured and also reasonably obtainable information with respect to the time, place and circumstances thereto, and the names and addresses of the injured and of available witnesses, shall be given by or for the insured to the Company as soon as practicable;
- (2) If "claim" is made or "suit" is brought against the insured, the insured shall immediately forward to the Company every demand, notice, summons or other process received in connection with the "claim" or "suit";
- (3) The insured shall cooperate with the Company and, upon the Company's request, assist in making settlements, in the conduct of "suits" and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the insured because of injury or damage with respect to which insurance is afforded under this policy; and the insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The insured shall not, except at the insured's own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first-aid to others at the time of accident.

**13. ACTION AGAINST THE COMPANY:**

No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of the policy nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the insured to determine the insured's liability, nor shall the Company be impeded by the insured or his legal representative. Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the Company of any of its obligations hereunder.

**14. OTHER INSURANCE:**

The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

**(1) Contribution by Equal Shares:**

If all of such other valid and collectible insurance provides for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.

**(2) Contribution by Limit:**

If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

**15. SUBROGATION:**

In the event of any payment under this policy, the Company shall be subrogated to all the insured's rights of recovery therefore against any person or organization and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

**16. CHANGES:**

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of this policy; nor shall the terms of this

policy be waived or changed, except by endorsement issued to form a part of this policy.

**17. ASSIGNMENT:**

Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon, if, however, the Named Insured shall die, such insurance as is afforded by this policy shall apply (1) to the named insured's legal representative, as the Named Insured, but only while acting within the scope of his duties as such, and (2) with respect to the property of the Named Insured, to the person having proper temporary custody thereof, as insured, but only until the appointment and qualification of the legal representative.

**18. REPRESENTATIONS:**

By acceptance of this policy, the Named Insured agrees that the statements in the application on file with this Company are the Named Insured's representations, and that this policy is issued in reliance upon the truth and accuracy of such representations.

**19. SEPARATION OF INSURED:**

Except with respect to the Limits of Insurance, this insurance applies:

- (1) As if each Named Insured were the only Named Insured; and
- (2) Separately to each insured against whom "claim" is made or "suit" is brought.

**20. DEFINITIONS:**

The following definitions apply to all Sections of this policy, including endorsements forming a part thereof.

*However, with respect to the "Marine Liabilities" Section(s) of this policy including endorsements forming a part thereof, to the extent that inconsistencies exist between the following definitions and those words, phrases or terms which are established under General Maritime Law, it is understood and agreed that such words, phrases or terms established under General Maritime Law shall prevail as respects the interpretation of coverages provided in the Marine Liabilities Section(s) of this policy including endorsements forming a part thereof.*

When used in this policy (including endorsements forming a part hereof):

- (1) **Advertisement** means a notice that is broadcast or published to the general public or specific market segments about the Named Insured's goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - (a) Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - (b) Regarding web-sites, only that part of a web-site that is about the Named Insured's goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- (2) **Aggregate limit** means the total amount payable during a specified period of time regardless of the number of "claims", accidents, "occurrences" or offenses during said period of time.
- (3) **Aircraft** means any heavier than air or lighter than aircraft designed to transport persons or property via air.

(4) **Auto or Automobile** means a land motor vehicle, trailer or semi trailer, designed for travel on public roads, including any attached machinery or equipment. But **auto** or **automobile** does not include "mobile equipment" as defined hereunder.

(5) **Bodily injury** means any physical harm, including sickness or disease to the physical health of a person.

This company will consider any of the following that happens at any time to be part of such physical harm, sickness or disease, if it results in or from such physical harm, sickness or disease:

- Mental anguish, injury or illness;
- Emotional distress;
- Care, loss of services, or death.

(6) **Claim** means a demand that seeks damages for "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies.

(7) **Deductible** means the amount, as specified in the policy, which the sum of all "claims", costs, fees and expenses arising out of each "occurrence" or offense must exceed before any payment will be made under the policy by the Company.

(8) **Defense Costs** means the legal and investigative costs, fees and expenses, including attorneys' fees, which are incurred in the process of handling a "claim" presented under this policy. Defense costs do not include salaries and expenses of the Company's employees, other than employed attorneys, or salaries and expenses of the insured's "employees".

(9) **Deposit Premium** means the amount of consideration initially charged by the Company at policy inception as a working premium from which the actual earned premiums are deducted.

(10) **Employee** means any person performing services for an insured through employment arrangements of any type, including any person described as a "leased worker", "temporary worker", or borrowed servant.

(11) **Employee Benefits** includes group life insurance, group health insurance, profit-sharing plans, pension plans, stock subscription plans, workers' compensation, unemployment insurance, social security and disability benefits insurance. Management and handling of employee benefits includes acts or omissions associated with the giving of advice or counsel, interpretation of benefits, keeping records, effecting enrollment or cancellation, lack of compliance with any contract or law, failure to maintain appropriate insurance, or failure of investments to perform.

(12) **Executive officer** means a person holding any of the officer positions created by the Named Insured's charter, constitution, by-laws or any other similar governing document.

(13) **Gross Charges** means total revenues charged, earned and/or collected by the insured, unreduced by operating and/or any other expenses.

(14) **Impaired property** means tangible property, other than the "insured's product" or the "insured's work", that cannot be used or is less useful because:

- (a) It incorporates the "insured's product" or the "insured's work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- (b) The insured has failed to fulfill the terms of a contract or agreement;

If such property can be restored to use by:

- (a) The repair, replacement, adjustment or removal of the "insured's product" or the "insured's work"; or
  - (b) The insured fulfilling the terms of the contract or agreement.
- (15) **Incidental medical malpractice injury** means "bodily injury" arising out of the rendering of or failure to render during the policy period, the following services:
- (a) Medical, surgical, dental, x-ray or nursing service treatment or the furnishing of food or beverages in connection therewith, or
  - (b) The furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances.

However, **incidental medical malpractice injury** does not include any liabilities with respect to any person or organization engaged in the business or occupations of providing any of the services described under items (a) and (b) just above;

- (16) **Insured contract** means any oral or written contract or agreement entered into by the Named Insured relating to the conduct of the Named Insured's business.

"Insured contract" does not include:

- (a) That part of any contract or agreement that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing; except sidetrack agreements.
  - (b) That part of any contract or agreement that indemnifies an architect, engineer or surveyor for injury or damage arising out of:
    - 1. Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, drawings, designs and specifications; or
    - 2. Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
  - (c) That part of any contract or agreement under which the Named Insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the Named Insured's rendering or failing to render professional services, including those listed under (b) above and supervisory, inspection, architectural or engineering activities.
  - (d) Any obligation for which the Named Insured may be held liable in an action by a third party beneficiary for "bodily injury" or "property damage" arising out of a project for a public authority; but this exception does not apply to an action by the public authority or any other person or organization engaged in the project.
  - (e) Any warranty or representation by the Named Insured as to the fitness, quality, durability, performance or use of the Named Insured's products or work performed by or on behalf of the Named Insured.
- (17) **Insured's product** means:
- (a) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

1. The Named Insured;
2. Others trading under the Named Insured's name; or
3. A person or organization whose business or assets the Named Insured has acquired; and

(b) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

The "insured's product" includes:

(a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of the "insured's product"; and

(b) The providing of or failure to provide warnings or instructions.

The "insured's product" does not include vending machines or other property rented to or located for the use of others but not sold.

(18) **Insured's work** means:

(a) Work or operations performed by the Named Insured on their own behalf; and

(b) Materials, parts or equipment furnished in connection with such work or operations.

"Insured's work" includes:

(a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of the "insured's work"; and;

(b) The providing of or failure to provide warnings or instructions.

(19) **Leased worker** means a person leased to the insured by a labor leasing firm under an agreement between the insured and the labor leasing firm, to perform duties related to the conduct of the insured's business.

(20) **Loading or unloading** means the handling of property:

(a) After it is moved from the place where it is accepted for movement into or onto an "aircraft", watercraft or "auto";

(b) While it is in or on an "aircraft", watercraft or "auto"; or

(c) While it is being moved from an "aircraft", watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the "aircraft", watercraft or "auto".

(21) **Marine Liabilities** means the section(s), if any, including any endorsements thereto, attached to this policy subsequent to Section I: General Conditions and Section II: General Liability Coverages, which provide specific coverage(s) as set forth therein and according to their terms, conditions and exclusions, for certain liabilities arising out of the insured's maritime operations.

- (22) **Medical expense** means expenses for necessary medical, surgical, x-ray and dental services, including prosthetic devices, and necessary ambulance, hospital, professional nursing and funeral service.
- (23) **Minimum premium** means the least amount of consideration, as set forth in this policy, which the Company will charge to provide coverage hereunder for the annual policy period, in the event that actual earned premium calculated by audit is less than that amount.
- (24) **Mobile equipment** means any of the following types of land vehicles, including any attached machinery or equipment:
- (a) Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
  - (b) Vehicles maintained for use solely on or next to premises the insured owns or rents;
  - (c) Vehicles that travel on crawler treads;
  - (d) Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
    - 1. Power cranes, shovels, loaders, diggers or drills; or
    - 2. Road construction or resurfacing equipment such as graders, scrapers or rollers;
  - (e) Vehicles not described in (a), (b), (c) or (d) above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - 1. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - 2. Cherry pickers and similar devices used to raise or lower workers;
  - (f) Vehicles not described in (a), (b), (c) or (d) above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- 1. Equipment designed primarily for:
  - (i) Snow removal;
  - (ii) Road maintenance, but not construction or resurfacing; or
  - (iii) Street cleaning;
- 2. Cherry pickers and similar devices mounted on "automobile" or truck chassis and used to raise or lower workers; and
- 3. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.



- (25) **Occurrence** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
- (26) **Personal and advertising injury** means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- (a) False arrest, detention or imprisonment;
  - (b) Malicious prosecution;
  - (c) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - (d) Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - (e) Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - (f) The use of another's advertising idea in the Named Insured's "advertisement"; or
  - (g) Infringing upon another's copyright, trade dress or slogan in the Named Insured's "advertisement".
- (27) **Pollutants** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, petroleum products or derivatives, chemicals, sewerage, spoils, and waste materials or substances. Waste materials or substances includes materials to be recycled, reconditioned or reclaimed.
- (28) **Products-completed operations hazard**
- (a) Includes all "bodily injury" and "property damage" occurring away from premises owned or rented by the Named Insured and arising out of the "insured's product" or the "insured's work" except:
    - 1. Products that are still in the physical possession of the Named Insured; or
    - 2. Work that has not yet been completed or abandoned. However, the "insured's work" shall be deemed completed at the earliest of the following times:
      - (i) When all of the work called for in the Named Insured's contract has been completed.
      - (ii) When all of the work to be done at the job site has been completed if the Named Insured's contract calls for work at more than one job site.
      - (iii) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- (b) Does not include "bodily injury" or "property damage" arising out of:
1. The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by the Named Insured, and that condition was created by the "loading or unloading" of that vehicle by any insured;
  2. The existence of tools, uninstalled equipment or abandoned or unused materials.
- (29) **Property damage** means:
- (a) Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
  - (b) Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
- (30) **Suit** means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- (a) An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - (b) Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
- (31) **Temporary worker** means a person who is furnished to the insured to substitute for a permanent "employee" on leave, or to meet seasonal or short-term workload conditions.

## SECTION II: GENERAL LIABILITY COVERAGES

### **Coverage A: Bodily Injury and Property Damage**

#### **1. Insuring Agreement:**

The Company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of:

"Bodily Injury"  
"Property Damage"

to which this insurance applies. The Company will have the right and duty to defend the insured against any "claim" or "suit" seeking those damages. The Company may, at their discretion, investigate any "occurrence" and settle any "claim" or "suit" that may result. However:

- (a) The amount that the Company will pay for "defense costs" is limited as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and as described therein under Clause 7.(6);
- (b) The Company is not obligated to pay any "claims" or judgment or to defend any "suit" for any one "occurrence" after the limit as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and described therein under Clause 7.(2), has been exhausted by payment of judgments, settlements, and "claims";
- (c) The Company is not obligated to pay any "claims" or judgment or to defend any "suit" after the applicable "aggregate limit" as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and described therein under Clause 7.(7) or 7.(8), whichever applies, has been exhausted by payment of judgments, settlements, "claims" and "defense costs".

This insurance only applies to "bodily injury" or "property damage" that takes place during the policy period and is caused by an "occurrence".

#### **2. Exclusions:**

*The exclusions which follow apply to coverages in all sections of this policy, including the "Marine Liabilities" sections. Unless otherwise indicated as applying only to "bodily injury" or "property damage", these exclusions also apply to Coverage B: "Personal and Advertising Injury".*

This insurance does not apply to:

- (1) **Expected or Intended Injury**  
"Bodily injury" or "property damage" expected or intended from the standpoint of the insured.

This exclusion does not apply to "bodily injury" arising out of the use of reasonable force to protect persons or property.

- (2) **Contractual Liability**  
Liability assumed by the insured under any contract or agreement.

This exclusion does not apply to liability for "bodily injury" or "property damage":

- (a) That the insured would have in the absence of the contract or agreement;
- (b) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purpose of liability assumed in an "insured contract," reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damages", provided:
  - 1. Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - 2. Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute proceeding in which damages to which this insurance applies are alleged.

(3) **Aircraft or Auto**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, entrustment to others, "loading or unloading" of:

- (a) Any "automobile" or "aircraft" operated by any person in the course of his employment by any insured,
- (b) Any "automobile" or "aircraft" owned or operated by or rented or loaned to any insured,

This exclusion does not apply to the parking of any "automobile" on premises owned by, rented to or controlled by the Named Insured or by the ways immediately adjoining, if such "automobile" is not owned by or rented or loaned to any insured.

(4) **Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (a) The ownership, maintenance, operation, use, "loading or unloading" of any "mobile equipment" while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity or
- (b) The operation or use of any snowmobile or trailer designed for use therewith;
- (c) And in the course of the transportation of "mobile equipment" by an "automobile" owned or operated by or rented or loaned to any insured.

(5) **Watercraft**

"Bodily injury" or "property damage" arising out of the ownership or operation of any watercraft:

- (a) Owned by an insured;
- (b) Chartered, leased, rented, or loaned to an insured.

This exclusion does not apply to:

- (a) Watercraft while ashore on premises owned by, rented to or controlled by the "Named Insured";
- (b) The "Marine Liabilities" section(s) of this policy, but only to the extent of coverages provided therein;
- (c) Liability assumed under an "insured contract", but only that portion of the "insured contract" under which the "Named Insured" assumes the tort liability of another party for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

(6) **Pollution**

Any liability for loss, injury, damage or expense arising out of the actual, alleged or threatened seepage, discharge, dispersal, disposal or dumping, release, migration, emission, spillage, escape, or leakage of "pollutants" into or upon land, atmosphere, environment, or any watercourse or body of water, as well as:

- (a) Any cost or expense imposed upon or assumed by the insured, or arising out of any request, demand or order upon any insured or others, or arising out of any "claim" or "suit" brought by or on behalf of a governmental authority, in connection with testing for, monitoring, evaluating, controlling, cleaning up, removing, containing, treating, detoxifying, nullifying, neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
- (b) Any cost or expense imposed upon or assumed by the insured, or arising out of any request, demand or order upon any insured or others, or arising out of any "claim" or "suit" brought by or on behalf of a governmental authority, in connection with damage to or degradation of natural resources, including fish, animals, vegetation, and other life form inhabitants, and/or to the environment, including costs of assessing whether and to what extent such damage or degradation has occurred, costs of evaluating, monitoring, controlling, removing and/or nullifying such damage or degradation, and costs of replacing, replenishing and/or acquiring the equivalent of damaged or degraded natural resources;
- (c) Any loss, injury, damage or expense arising out of "pollutants" which were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom the insured may be legally responsible.

(7) **Strikes**

Any liability for loss, injury, damage or expense arising out of strikes, lockouts, disturbances, riots or civil commotions.

(8) **War**

Any liability for loss, injury, damage or expense arising out of hostile or warlike action in time of peace or war including anything done, or which should have been done, in hindering, combating or defending against an actual impending or expected attack, (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces; or (2) military, naval or air forces; or (3) by an agent of any such government, power, authority or forces.

(9) **Insurrection**

Any liability for loss, injury, damage or expense arising out of insurrection, rebellion, revolution, civil war, usurped power, or anything done, or which should have been done, by governmental authority in hindering, combating or defending against any such actions, seizure or destruction under quarantine or

customs regulations; confiscation by order of any government or public authority; or risks of contraband or illegal transportation or trade.

(10) **Weapon of War**

Any liability for loss, injury, damage or expense arising out of the firing or testing of any weapon of war.

(11) **Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (a) Causing or contributing to the intoxication of any person;
- (b) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (c) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if the insured is in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

(12) **Recall of Products, Work or Impaired Property**

Any loss, cost or expense incurred by any insured, or others, for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (a) The "insured's product";
- (b) Work completed by or for the insured; or
- (c) "Impaired property"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

(13) **Damage to Impaired Property or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (a) A defect, deficiency, inadequacy or dangerous condition in the "insured's product" or the "insured's work"; or
- (b) A delay or failure by the insured or anyone acting on the insured's behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to the "insured's product" or the "insured's work" after it has been put to its intended use.

(14) **Damage to the Insured's Product**

"Property damage" to the "insured's products" arising out of such products or any part of such products.

(15) **Damage to the Insured's Work**

"Property damage" to work performed by or on behalf of the insured arising out of the work or any portion thereof, or out of materials, parts or equipment furnished in connection therewith.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on behalf of the Named Insured by a subcontractor.

(16) **Workers Compensation and Similar Laws**

Any obligation for which the insured or any carrier as his insurer may be held liable under Workers Compensation, Unemployment Compensation, Disability Benefits, the Longshoremen and Harbor Workers Compensation Act, the Death on the High Seas Act, the Jones Act, or under any similar law or act. This exclusion shall also apply to any liabilities, duties or obligations of the insured owed to a crewmember or seaman under General Maritime Law.

(17) **Employers Liability**

"Bodily injury" to:

(a) An "employee" of the insured arising out of and in the course of:

1. Employment by the insured; or
2. Performing duties related to the conduct of the insured's business; or

(b) The spouse, child, parent, brother or sister of that "employee" as a consequence of item (a) above.

This exclusion applies:

(a) Whether the insured may be liable as an employer or in any other capacity; and

(b) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract", but only as respects that portion of the "insured contract" under which the "Named Insured" assumes the tort liability of another party for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

(18) **Employment-Related Practices**

Any liability for loss, injury, damage or expense arising out of any actual or alleged unlawful acts, whether such acts are alleged to be intentional or otherwise, or any violation of or non-compliance with statutes, laws, ordinances, or regulations, regarding or related to:

(a) Any refusal to employ or retraction of any employment offer;

(b) Any suspension or termination of employment of any "employee" of the insured, including wrongful discharge of "employees";

(c) Any employment-related practices, policies, acts or omissions such as:

1. The coercion, demotion, evaluation, reassignment, discipline, civil or criminal prosecution, defamation, harassment, or humiliation of any "employee" of an insured;
2. Discrimination or harassment of any nature whatsoever against any "employee" of an insured, including discrimination based on race, color, creed, religion, sex, age, national origin, alienage, handicap, disability, or sexual orientation;

- (d) Actual or alleged violations of the Americans with Disabilities Act;
- (e) Any liability to the spouse, child, parent, brother or sister, or other relative, or dependent of, any "employee" as a consequence of the foregoing;
- (f) Any employment practices related liability to former "employees", including actual or alleged statements and/or disclosures regarding the services of former "employees";
- (g) Actual or alleged violations of the Employment Retirement Income Security Act;
- (h) Actual or alleged violations of the Civil Rights Act of 1964, as amended.

This exclusion applies:

- (a) Whether the insured is liable as an employer or in any other capacity; and
- (b) To any obligation to share damages with or repay someone else who must pay damages because of the loss, injury, damage or expense.

**(19) Employee Benefits Liability**

Any liability for loss, injury, damage or expense arising out of any act or omission by the insured, or any person or entity for whose acts the insured is legally liable, with respect to the management or handling of "Employee Benefits".

**(20) Damage to Property**

"Property damage" to:

- (a) Property owned by, rented to, or occupied by the insured;
- (b) Premises sold, given away, or abandoned by the insured, if the "property damage" arises out of any part of those premises. This exclusion, (20)(b), does not apply if the premises are the "insured's work" and were never occupied, rented or held for rental by the insured;
- (c) Property loaned to the insured;
- (d) Personal property in the care, custody or control of the insured. This exclusion, (20)(d), does not apply to the "Marine Liabilities" section(s) of this policy, but only to the extent of coverages provided therein;
- (e) That particular part of real property on which the insured or any contractors or subcontractors working directly or indirectly on the insured's behalf are performing operations, if the "property damage" arises out of those operations. This exclusion, (20)(e), does not apply to the "Marine Liabilities" section(s) of this policy, but only to the extent of coverages provided therein;
- (f) That particular part of any property that must be restored, repaired or replaced because the "insured's work" was incorrectly performed on it. This exclusion, (20)(f), does not apply to "property damage" included in the definition of "products-completed operations hazard"; or
- (g) That particular part of any property that must be restored, repaired or replaced because it was faultily designed, including any expenditure incurred by reason of a betterment or alteration in design to such property.



Exclusions (20)(c), (20)(d), (20)(e) and (20)(f) do not apply to liability assumed under a sidetrack agreement.

(21) **Asbestos, Lead, Biphenyl, Silica, Benzene**  
Any liability for

- (a) Loss, injury, damage or expense arising out of the actual, alleged or threatened absorption, ingestion or inhalation of asbestos, lead, biphenyl, silica or benzene, in any form by any person, or existence of asbestos, lead, biphenyl, silica or benzene in any form; or
- (b) Any request, demand, order or statutory or regulatory requirement:
  - 1. To test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize asbestos, lead, biphenyl, silica or benzene in any form;
  - 2. To respond to, or assess, in any way the effects of asbestos, lead, biphenyl, silica or benzene in any form.

(22) **Punitive, Exemplary or Multiplied Damages**  
Any liability for fines, penalties, punitive damages, exemplary damages, or the portion of any multiplied damages award that exceeds the amount multiplied.

(23) **Fraud, Infidelity, Dishonesty, Criminal Acts**  
Any liability for loss, injury, damage or expense arising out of fraud, infidelity, dishonesty, and/or criminal acts of any insured or any representative or "employee" of an insured committed individually or in collusion with others.

(24) **Directors and Officers**  
Any liability for loss, injury, damage or expense arising out of any actual or alleged breach of fiduciary duty, improper conduct, or conflict of interest in the insured's performance of duties or responsibilities in the capacity of Officer, Director or Trustee of a corporation.

(25) **Violation of Trade Law**  
Any liability for loss, injury, damage or expense arising out of any actual or alleged violation of any securities, antitrust, restraint of trade, unfair competition, deceptive trade practices, or consumers protection statutes or limitations.

(26) **Breach of Contract**  
Any liability for loss, injury, damage or expense arising out of any actual or alleged breach of, or non-compliance with, a contract or agreement.

This exclusion applies regardless of whether or not the contract or agreement is an "insured contract".

This exclusion does not apply to insurance provided under Coverage B: "Personal and Advertising Injury" for the use of another's advertising idea in the Named Insured's "advertisement" under an implied contract.

(27) **Mold or Other Fungi, or Bacteria**  
Any liability for:

- (a) Loss, injury, damage or expense arising out of the actual, alleged or threatened absorption, ingestion or inhalation of mold or other fungi, or bacteria, in any form by any person, and/or the existence of any mold or other fungi, or bacteria, in any form. This exclusion, (27)(a), does not apply to:

1. "Bodily injury" or "property damage" arising out of mold or other fungi, or bacteria, which are part of a product that is intended to be consumed as a food, beverage, or medicine;
  2. "Bodily injury" arising out of bacteria which are directly transmitted solely by or from another person to the person sustaining such "bodily injury"; or
  3. "Bodily injury" arising out of a bacterial infection which develops in connection with a preceding "bodily injury" to that same person that is not excluded by this exclusion (27).
- (b) Any request, demand, order or statutory or regulatory requirement:
1. To test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize mold or other fungi, or bacteria, in any form;
  2. To respond to, or assess, in any way the effects of mold or other fungi, or bacteria, in any form.

As used in this exclusion (27):

**"Mold or other fungi"** means any type or form of mold, mildew, or other fungus, and/or any mycotoxin, spore, scent, or byproduct that is produced or released by such mold, mildew, or other fungus.

**"Bacteria"** means any type or form of bacterium, and/or any mycotoxin, spore, scent, or byproduct that is produced or released by such bacterium.

(28) **Nuclear Energy Liability Exclusion (Broad Form)**

Any liability for loss, injury, damage or expense:

- (a) With respect to which an insured under this policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (b) Arising out of the hazardous properties of nuclear material and with respect to which
  1. Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
  2. The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization;
- (c) Under any Medical Payments Coverage, to expenses incurred with respect to "bodily injury" arising out of the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization;
- (d) Under any Liability Coverage, to "bodily injury" or "property damage" arising out of the hazardous properties of nuclear material, if:
  1. The nuclear material is at any nuclear facility owned by, or operated by or on behalf of an insured, or has been discharged or dispersed therefrom;

2. The nuclear material is contained in spent fuel or waste at any time processed, handled, used, stored, transported or disposed of by or on behalf of an insured; or
3. The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such nuclear facility and any property thereat.

As used in this exclusion (28):

**"Hazardous properties"** include radioactive, toxic or explosive properties;

**"Nuclear material"** means source material, special nuclear material or by-product material;

**"Source material", "special nuclear material" and "by-product material"** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

**"Spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;

**"Waste"** means any waste material (1) containing by-product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under clause (a) or (b) thereof;

**"Nuclear facility"** means:

- (a) Any nuclear reactor;
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste;
- (c) Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste;

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

**"Nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

**"Property damage"** includes all forms of radioactive contamination of property.

## **Coverage B: Personal and Advertising Injury Liability**

### **1. Insuring Agreement:**

The Company will pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of:

"Personal and Advertising Injury"

to which this insurance applies. The Company will have the right and duty to defend the insured against any "claim" or "suit" seeking those damages. The Company may, at their discretion, investigate any offense and settle any "claim" or "suit" that may result. However:

- (a) The amount that the Company will pay for "defense costs" is limited as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and as described therein under Clause 7.(6);
- (b) The Company is not obligated to pay any "claims" or judgment or to defend any "suit" for offenses to any one person or organization after the limit as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and described therein under Clause 7.(5), has been exhausted by payment of judgments, settlements, and "claims";
- (c) The Company is not obligated to pay any "claims" or judgment or to defend any "suit" after the "aggregate limit" as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and described therein under Clause 7.(7), has been exhausted by payment of judgments, settlements, "claims" and "defense costs".

This insurance applies to "personal and advertising injury":

- (1) caused by an offense committed during the policy period; and
- (2) arising out of the Named Insured's business, except when committed by an insured whose business is advertising, publishing, broadcasting or telecasting. However this exception does not apply to paragraphs (a), (b) or (c) under the definition of "personal and advertising injury".

### **2. Additional Exclusions applicable to Coverage B:**

This insurance does not apply to "personal and advertising injury":

- (a) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (b) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (c) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
- (d) For which the insured has assumed liability in a contract or agreement. This exclusion, (d), does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (e) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. This exclusion, (e), does not apply to infringement upon another's copyright, trade dress or slogan, in the Named Insured's "advertisement".

- (f) The failure of goods, products or services to conform with advertised quality or performance;
- (g) The wrong description of the price of goods, products or services.

### **Coverage C: Medical Payments**

#### **1. Insuring Agreement:**

- (1) The Company will pay reasonable "medical expenses" as described below for "bodily injury" caused by an accident:

- (a) On premises owned or rented by the Named Insured;
- (b) On ways adjacent to premises owned or rented to the named insured;
- (c) Arising out of the Named Insured's operations;

Provided that:

- (a) The accident takes place during the policy period;
  - (b) The expenses are incurred and reported to the Company within one year of the date of the accident; and
  - (c) The injured person submits to examination, at the Company's expense, by physicians of the Company's choice as often as reasonably required by the Company.
- (2) The Company will pay these "medical expenses" regardless of fault. The Company will pay reasonable expenses for:
    - (a) First aid administered at the time of an accident;
    - (b) Necessary medical, surgical, x-ray, and dental services, including prosthetic devices; and
    - (c) Necessary ambulance, hospital, professional nursing and funeral services.

#### **2. Additional Exclusions applicable only to Coverage C:**

The insurance does not apply to "bodily injury":

- (1) To any insured;
- (2) To a person hired to do work for or on behalf of any insured or a tenant of any insured;
- (3) To a person injured on that part of premises owned or rented by an insured which the person normally occupies;
- (4) Included within the "products-completed operations hazard".

#### **3. Limit of Insurance:**

A separate limit of insurance applies to this coverage, as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and described therein under Clause 7.(4).

**4. Additional Condition:**

**Medical Reports: Proof and Payment of Claim**

As soon as practicable the insured or a representative shall give to the Company written proof of "claim", under oath if required, and shall, after each request from the Company, execute authorization to enable the Company to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by the Company when and as often as the Company may reasonably require. The Company may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable hereunder to such injury. Payment hereunder shall not constitute an admission of liability of any person or except hereunder, of the Company.

Notwithstanding anything contained herein to the contrary, the policy "deductible" as set forth in Section I: General Conditions, in Clause 8, Deductible, does not apply to Coverage C.

**Coverage D: Fire Legal Liability Coverage - Real Property**

**1. Insuring Agreement**

The Company will pay for property damage to structures or portions thereof, which the Named Insured rents from another, or which are loaned to the Named Insured, if the property damage is caused by fire for which the Named Insured is legally liable. Buildings include fixtures permanently attached thereto.

However, this coverage does not apply to liability arising under any contract or agreement to indemnify any person or organization for damage by fire to the premises; including liability assumed under an "insured contract".

All exclusions otherwise applicable to "property damage" do not apply to this coverage except:

Expected or Intended Injury  
Punitive, Exemplary or Multiplied Damages  
Fraud, Infidelity, Dishonesty, Criminal Acts  
Nuclear Energy Liability Exclusion (Broad Form)

**2. Limit of Insurance:**

A separate limit of insurance applies to this coverage, as set forth in Clause 7., Limits of Insurance, Section I: General Conditions and described therein under Clause 7.(3).

**3. Additional Condition:**

Coverage D: Fire Legal Liability Coverage - Real Property shall be excess insurance over any valid and collectible property insurance (including any deductible portion thereof), available to the insured, such as, but not limited to, Fire, Extended Coverage, Builder's Risk Coverage or Installation Risk Coverage, and Section I: General Conditions, Clause 14, Other Insurance, is considered amended accordingly.

**SECTION III :  
MARINE CONTRACTOR'S LEGAL LIABILITY**

This section is subject to the terms, conditions, and exclusions contained in Sections I and II of this policy, and is further subject to the additional exclusions applicable to this section.

**1. Insuring Agreement:**

Subject always to the Limits of Insurance set forth in Clause 7 of Section I, the Company will pay on behalf of the insured all sums which the insured, by reason of liability as a Marine Contractor, including similar marine operations and support activities, shall become legally obligated to pay as damages for:

- A. "Property damage" to docks, piers, wharves, breakwaters, bridges, and other marine structures, occurring while such property is in the care, custody or control of the insured for the purpose of repair or alteration.
- B. "Property damage" to watercraft and the equipment, cargo, and other interests on board, occurring while such watercraft is in the care, custody or control of the insured during salvage or other similar operations.
- C. "Property damage" to equipment or other interests of a marine structure or a watercraft insured under clauses 1.A. and 1.B. above while such items are temporarily removed from the structure or watercraft for the sole purpose of repair or alteration performed by or on behalf of the Named Insured, including while in transit to and from such location(s).
- D. "Property damage" to property of others, while such property is in the care, custody or control of the insured and/or is being loaded or discharged by the insured.

**2. Additional Exclusions Applicable to this Section:**

In addition to the exclusions contained in Section II, Coverage A, it is expressly understood and agreed that this section is also subject to the following exclusions:

This insurance does not apply to:

- A. Loss, damage, or expense arising out of the operation of any watercraft owned by, or bareboat chartered to, the insured or any affiliated or subsidiary concern or party, including, but not limited to, collision liability, tower's liability or liabilities insured against under the customary forms of hull & machinery or protection & indemnity policies;
- B. Loss or damage to property of the Insured, including owned or bareboat chartered watercraft;
- C. The cost or expense of redoing the work improperly performed by the insured and their contractors and/or subcontractors, or the cost of replacement of materials, parts or equipment furnished in connection therewith;

**Name of Insured**  
PACIFIC PILE & MARINE LP

**Policy Number** OL08400599

**Effective Date** 06/09/08

**Processing Date** 06/18/08 12:41 001

- D. The cost or expense of repairing, replacing or renewing any faultily designed part or parts which cause(s) loss of or damage to the marine structure or watercraft, or for any expenditure incurred by reason of a betterment or alteration in design;
- E. Disposal of any structures, salved watercraft and/or parts thereof, including scuttling.
- F. Time delay penalties and consequential loss.



COPY

**BLANKET ADDITIONAL INSURED ENDORSEMENT -  
 INCLUDING COMPLETED OPERATIONS (STANDARD FORM)**

In consideration of an additional premium of \$included and subject to all terms, conditions and exclusions contained in this policy, and further subject to the conditions of this endorsement, it is agreed that:

1. Clause 11 - Persons Insured of Section I: General Conditions is amended to include as an additional insured, with waiver of subrogation if required, any person or organization whom the Named Insured is required to add as an additional insured on this policy under:
  - (1) A written contract; or
  - (2) An oral agreement or contract where a Certificate of Insurance has been issued showing that person or organization as an additional insured; but the oral agreement or written contract must be:
    - (a) An "insured contract";
    - (b) Currently in effect or becoming effective during the term of this policy; and
    - (c) Executed or agreed to prior to an "occurrence" or offense that gives rise to a "claim" or "suit".

Such person or organization is an additional insured only with respect to liability arising out of work performed for said additional insured by or on behalf of the Named Insured. When required by a written contract or agreement between the Named Insured and the additional insured, shown on a Certificate of Insurance provided to this Company, coverage afforded by this policy shall be primary and non-contributory.

This insurance does not apply to:

Liability arising out of the sole omission or negligence of the additional insured.

2. Where a contract or agreement for the lease or rental of premises obligates the Named Insured to add the manager or lessor of such premises as an additional insured, such manager or lessor is an additional insured only with respect to their liability arising out of the maintenance, operation or use by the Named Insured of that leased premises.

This insurance does not apply to:

- (a) Any "occurrence" which takes place after the Named Insured has ceased to lease or rent the premises;
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured;

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 PACIFIC PILE & MARINE LP

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- (c) Liability arising out of the sole omission or negligence of the additional insured.
- 3. Where a contract or agreement for the lease or rental of equipment obligates the Named Insured to add the lessor of such equipment as an additional insured, such lessor is an additional insured only with respect to its liability arising out of the maintenance, operation or use by the Named Insured of that leased equipment.

This insurance does not apply to:

  - (a) Any "occurrence" which takes place after the equipment lease expires;
  - (b) Liability arising out of the sole omission or negligence of the additional insured.
- 4. When an additional insured is a partner or member of a partnership, joint venture, or limited liability company, this policy will only respond for liabilities insured hereunder for an amount not exceeding the additional insured's participation in such partnership, joint venture or limited liability company.
- 5. The inclusion of an additional insured under this insurance does not:
  - (1) Increase the Limits of Insurance set forth under Clause 7, Limits of Insurance, of Section I: General Conditions;
  - (2) Obligate the Company to send notice of cancellation or change of coverage to an additional insured;
  - (3) Apply to an "insured contract" entered into by the additional insured.
- 6. Insurance afforded to an additional insured under this policy shall not exceed the coverage and/or limits required by the contract or agreement between the Named Insured and additional insured.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

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**EMPLOYEE BENEFITS LIABILITY****Important Note:**

This endorsement provides coverage on a claims-made basis.

This endorsement is effective from 06/09/2008 to 06/09/2009, beginning and ending at 12:01 A.M. Standard Time.

**COVERAGE:**

In consideration of an Additional Premium of \$included, it is hereby mutually understood and agreed that coverage under this policy shall be extended to include liability arising out of any error, omission or negligent act committed by the Named Insured, or any other person or entity for whose acts or omissions the Named Insured is legally liable, in respect of the administration of the Named Insured's Employee Benefits. All such errors, omissions or negligent acts are referred to as "wrongful acts" in this endorsement.

**"Employee Benefits" means:**

- Pension and profit sharing plans
- Individual Retirement Account (IRA) plans
- Salary Reduction plans under Internal Revenue Code 401(k) or equivalent
- Employee stock subscription plans
- Savings plans
- Group plans for life, health, dental, disability, automobile, homeowners, and legal advice insurance
- Social security system benefit
- Workers Compensation and unemployment insurance
- Travel and vacation plans
- Educational tuition reimbursement plans

It is further understood and agreed that this Company will defend any suit brought against the Insured for covered claims under this endorsement even if a suit is groundless or fraudulent, and will pay the costs of defending such suit.

**EXCLUSIONS:**

Notwithstanding the above, in no event will coverage be provided under this endorsement for losses resulting from:

- Bodily injury, illness, or death of any person;
- Damage to, loss of use of, or destruction of tangible property;
- Dishonest, intentionally fraudulent, criminal or malicious acts or omissions of the Assured or any person or entity for whose acts or omissions the Assured is legally liable;
- The intentional violation of any workers' compensation, unemployment insurance, social security or disability benefits law or administrative interpretation of such laws;

**Name of Insured**

PACIFIC PILE &amp; MARINE LP

**Policy Number** OL08400599**Effective Date** 06/09/08**Processing Date** 06/18/08 12:41 001

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- The failure to provide benefits because they are not properly funded or an insurance company's failure to comply with the terms of its policy;
- Advice given to any employee to participate or not to participate in any stock subscription, individual retirement account or salary reduction plan;
- The investment or non-investment of employee benefit funds;
- The failure of any investment to perform as anticipated;
- The termination of any employee benefit plan;
- Fines, taxes or penalties imposed by law or other matters which may be uninsurable under law;
- Unintentional violation of the ERISA duties.

#### **LIMITS:**

A separate Limit of Liability of **\$1,000,000** applies to all claims resulting from a single wrongful act or a series of wrongful acts, including claims, costs, fees and expenses. Additionally, coverage provided under this endorsement is subject to the applicable General Aggregate Limit of Liability set forth in General Conditions Clause 7. This coverage is solely excess of, and not contributing with, any other insurance which may be applicable to a loss covered in this endorsement.

#### **DEDUCTIBLE:**

This coverage is subject to the deductible, terms and conditions of the policy to which this endorsement is attached.

#### **WHEN A CLAIM IS COVERED:**

The Company will cover claims first made against the Named Insured while this endorsement is in effect. The claim must be based on a wrongful act that occurred while this endorsement was in effect. The Company must also be notified of the claim while this endorsement was in effect. In addition, the Company will cover claims as explained in the following two sections:

**Prior Acts:** The Company will cover claims based on a wrongful act that occurred before the effective date of this endorsement but only if all the following conditions are met:

- The Named Insured had no knowledge of the prior wrongful act on the effective date of this endorsement, nor any reasonable way to foresee that a claim might be brought;
- The claim is reported to the Company while this endorsement is in effect; and
- Any other insurance covering the claim has been exhausted.

**Reported Acts:** The Company will cover claims first made against the Named Insured any time after this endorsement ends, but only if all of the following conditions are met:

- The Named Insured has a reasonable knowledge that a wrongful act occurred and a claim might be made;
- The suspected wrongful act is reported to the Company while this endorsement is in effect; and
- The Named Insured has advised the Company what loss or damage may result from the suspected wrongful act.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

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**LIMITED SUDDEN & ACCIDENTAL POLLUTION ENDORSEMENT -  
MARINE GENERAL LIABILITY**

**This endorsement modifies the insurance provided under this Marine General Liability policy. It is subject to all of the terms, conditions and exclusions contained in this policy, and is further subject to the additional exclusions set forth in this endorsement.**

---

1. Coverage Modification:

It is hereby understood and agreed that Exclusion (6) of Section II shall not apply to the legal liability of the Named Insured for the sudden and accidental discharge, dispersal or release of "pollutants" for which the insured establishes that all of the following conditions have been met:

- (1) The accident was caused by some intervening event and was neither expected or intended by the insured;
- (2) The accident can be identified as commencing at a specific time and date during the term of this policy;
- (3) The accident became known to the insured within 72 hours after its commencement, and was reported to the Company within 30 days thereafter;
- (4) The accident did not result from the Named Insured's intentional and willful violation of any government statute, rule or regulation.

2. Additional Exclusions:

Nothing contained in this endorsement shall operate to provide coverage hereunder for any liability of whatsoever nature with respect to:

- (1) Loss of, damage to or loss of use of property directly or indirectly resulting from subsidence caused by sub-surface operations performed by or on behalf of the insured;
- (2) Removal of, loss of or damage to sub-surface oil, gas or any other substance;
- (3) Fines, penalties, punitive damages, exemplary damages, or the portion of any multiplied damages award that exceeds the amount multiplied;
- (4) Costs of criminal defense;
- (5) Losses resulting from blowout and/or cratering;
- (6) Pollution emanating from watercraft which is owned by or bareboat chartered to the insured;
- (7) Any site or location used in whole or in part for the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances,

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or the transportation of any waste materials or substances, **except this exclusion shall not apply to:**

The incidental handling, storage or transportation of waste materials or substances which occurs at the locations scheduled in the "Marine Liabilities" sections of this policy in connection with covered operations; however any coverage provided by virtue of this exception shall be strictly excess of all other applicable insurance being carried by the insured and/or others.

3. Disclaimer:

This insurance does not constitute evidence of financial responsibility under the Oil Pollution Act of 1990 or any similar federal, state or local law or Act, and it is a condition of this insurance that it shall not be submitted to the United States Coast Guard or any other federal, state or local government agency as evidence of financial responsibility. The Company does not consent to be a guarantor.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

**STOP-GAP LIABILITY ENDORSEMENT**

**This policy will provide coverage for damages a protected person must legally pay for bodily injury, disease or death of the protected person's employees which result from employment by that protected person.**

The employees must be reported and declared under the Workers Compensation Law of the state of any of the following:

\* Washington

\* Wyoming

\* Ohio

\* West Virginia

\* North Dakota

Coverage is also provided for damages a protected person must legally pay due to an intentional act by any of that person's employees which could injure or kill another employee.

**But this policy will only respond for damages if:**

\* there are not benefits or compensation provided for under any Workers Compensation Act;

\* the act is committed by an employee other than the executive officer, director, stockholder or partner;

and

\* the act is committed by an employee within the scope of employment.

**EXCLUSIONS****Penalties.**

This policy will not respond for any premium, assessment, penalty, fine, benefit or other obligation under Workers compensation Law, Unemployment Compensation, Disability Benefits or any similar law.

**Employees under age.**

If any protected person hires someone he or she knows is too young to be legally employed, or is under the age of 14, this policy will not pay for injury disease or death caused or suffered by the under-age person.

**Aircraft - vessels.**

This policy will not respond for claims in connection with operation of an aircraft in flight. Nor will it respond for bodily injury, disease or death to the master or crew member of any vessel.

**Failure to comply with law.**

This policy will not respond for any claim in which the insured loses their defense or must pay some other penalty because they have not paid the premiums required under any Workers Compensation Law. Nor will this policy pay a claim if the insured has failed to comply with these laws in any other way.

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**Contractual Liability.**

This policy will not respond for any liability the insured has assumed under contract or agreement.

**Intentional Acts.**

This policy will not pay for injury resulting from intentional acts committed by the insured or at the insured's direction. If the insured's business is a corporation or partnership, this policy will not pay for injury due to intentional acts by the insured's executive officers, directors, stockholders, or partners.

**Federal Employers Liability Act.**

This policy will not respond for claims in connection with work to which the Federal Employers Act applies.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.



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**TERRORISM RISK INSURANCE ACT  
CERTIFIED ACTS OF TERRORISM EXCLUSION ENDORSEMENT**

The following exclusion is added to this Policy. This exclusion applies to all coverages in all sections of this Policy, including the "Marine Liabilities" sections.

This insurance does not apply to:

**Terrorism**

Any liability for loss, injury, damage or expense arising out of any "certified act of terrorism".

As used in this exclusion:

**"Certified Act of Terrorism"** means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:

- The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
- The act is a violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

**Name of Insured**  
PACIFIC PILE & MARINE LP

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**ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT  
DIVISION OF INSURANCE  
ATTORNEY FEES COVERAGE NOTICE A**

**This policy limits coverage for attorney fees under Alaska Rule of Civil Procedure 82.**

In any suit in Alaska in which this Company has a right or duty to defend an Insured in addition to the limits of liability, this Company's obligation under the applicable coverage to pay attorneys fees taxable as costs against the Insured is limited as follows:

Alaska Rule of Civil Procedure 82 provides that if the Insured is held liable, some or all of the attorney fees of the person making a claim against the Insured must be paid by the Insured. The amount that must be paid by the Insured is determined by Alaska Rule of Civil Procedure 82. This Company provides coverage for attorney fees for which the Insured is liable under Alaska Rule of Civil Procedure 82 subject to the following limitation:

**This Company will not pay that portion of any attorney's fees that is in excess of fees calculated by applying the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) to the limit of liability of the applicable coverage.**

*This limitation means the potential costs that may be awarded against the Insured as attorney fees may not be covered in full. The Insured will have to pay any attorney fees not covered directly.*

For example, the attorney fees provided by the schedule for contested cases in Alaska Rule of Civil Procedure 82(b)(1) are:

20% of the first	\$25,000.	\$5,000.
10% of	<u>\$100,000.</u>	<u>\$10,000.</u>
Total Award	\$125,000.	Total Attorneys Fees \$15,000.

If the limit of liability of the applicable coverage is \$100,000, this Company would pay \$100,000 of the \$125,000 award and \$12,500 for Alaska Rule of Civil Procedure 82(b)(1) attorney fees, calculated as follows:

20% of	\$25,000.	\$5,000.
10% of	<u>\$75,000.</u>	<u>\$7,500.</u>
Total Limit of Liability	\$100,000.	Total Attorney Fees Covered \$12,500.

The Insured would be liable to pay, directly and without this Company's assistance, the remaining \$25,000 in liability plus the remaining \$2,500 for attorney fees under Alaska Rule of Civil Procedure 82 not covered by this policy.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

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**WATERCRAFT EXCLUSION AMENDMENT FOR  
COMPLETED OPERATIONS HAZARD**

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In consideration of the payment of premium and subject to the limits of liability, exclusions, conditions and other terms of this Policy, it is understood and agreed that Exclusion (5) of Section II is deleted and replaced with the following;

**(5) Watercraft**

"Bodily injury" or "property damage" arising out of the ownership or operation of any watercraft:

- (a) Owned by an insured;
- (b) Chartered, leased, rented, or loaned to an insured.

This exclusion does not apply to:

- (a) Watercraft while ashore on premises owned by, rented to or controlled by the "Named Insured";
- (b) The "Marine Liabilities" section(s) of this policy, but only to the extent of coverages provided therein;
- (c) Liability assumed under an "insured contract", but only that portion of the "insured contract" under which the "Named Insured" assumes the tort liability of another party for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- (d) "bodily injury" or "property damage" arising out of the "insured's work" that has been completed. The "insured's work" shall be deemed completed at the earliest of the following times:
  - (i) When all of the work called for in the Named Insured's contract has been completed.
  - (ii) When all of the work to be done at the job site has been completed if the Named Insured's contract calls for work at more than one job site.
  - (iii) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned policy, other than as above stated.

**Name of Insured**  
PACIFIC PILE & MARINE LP

**Policy Number** OL08400599

**Effective Date** 06/09/08

**Processing Date** 06/18/08 12:41 001

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Named Insured

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## Named Insured

## Description of Operations

✓Pacific Pile & Marine, LP  
✓Pacific Pile & Marine Management Inc.  
✓Cascade Barge & Equipment, LLC  
✓Inland Barge LLC

Operation Company  
General Partner  
Owns Yard & Equipment  
Owns Equipment

Name of Insured

Policy Number OL08400599

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PACIFIC PILE &amp; MARINE LP

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## Rate Schedule

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.45% - adjusted against receipts up to \$25,000,000  
.30% - adjusted against receipts greated than \$25,000,000

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Name of Insured

PACIFIC PILE &amp; MARINE LP

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**Incidental Wharfinger's / Stevedore's Liability Endorsement**

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This endorsement alters the coverage provided Under Section III:  
Marine Contractor's Legal Liability

In consideration of the premium charged it is hereby agreed that coverage is extended to include coverage for the insured's incidental operations as a Wharfinger or Stevedore for:

- (a) Physical loss of or damage to vessels, their equipment, cargo freight and other interest on board, the property of others, while such property is in the care, custody or control of the Assured and/or is being loaded or discharged at the Assured's facilities.
- (b) Liability for costs or expenses of, or incidental to, the removal of wreck or watercraft is covered under (a) above, when such removal is compulsory by law.

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Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the policy to which it is attached, other than as above stated.

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**Name of Insured**  
PACIFIC PILE & MARINE LP

**Policy Number** OL08400599

**Effective Date** 06/09/08

**Processing Date** 06/18/08 12:41 001







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SEATTLE 4TH AVENUE

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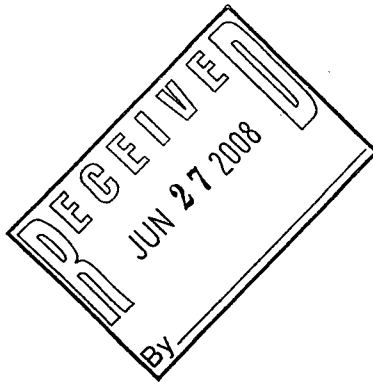
SEATTLE WA 98101-3225

ATTN- ROBERTA TANSEY

BASIC GROUP LLC

1011 NE HIGH ST SUITE 101

ISSAQUAH WA 98029





**DISCLOSURE NOTICE  
TERRORISM RISK INSURANCE ACT OF 2002  
REJECTION OF OUR OFFER OF COVERAGE**

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**You did not accept our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002. Therefore, this policy does not provide such coverage. This policy contains one or more exclusions that apply to certified acts of terrorism.**

**If you were not made aware of our offer of coverage for certified acts of terrorism, or believe that this notice was included in this policy in error, please notify your agent or broker immediately.**

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**Name of Insured:** PACIFIC PILE & MARINE LP

**Policy Number:** OL08400599

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## RISK TRANSFER: MANAGING 3<sup>RD</sup> PARTY RELATIONSHIPS

### Introduction: Case Scenarios

- A painter's scaffold collapses resulting in severe injury to the painter and a pedestrian. The painter had no insurance. The building owner is held liable for all losses.
- A cabinet installer puts a long screw into a wall. It punctures a water pipe causing water damage. The installer's insurance policy was not renewed. The homeowner's insurance company sues and recovers the damages from the cabinet retailer who recommended the installer.
- A small motor manufacturer, to get the business of a big new customer, agrees to sign a contract which the customer requires of all vendors. If they don't sign it, there are plenty of other motor manufacturers who will.
- After a fire loss due to a customer's improper use of a motor, the motor manufacturer is surprised to find that the contract requires them to indemnify and hold harmless their customer for any and all losses associated with the motor.
- A "plastic" Pipe Manufacturer (PM) vendors the custom compounding of material used with swimming pools. The formula has been designed and tested to resist the harsh effects of sun and pool chemicals. The PM does not have a contract prohibiting the blender from making changes to the formulation. Without the PM's knowledge, the blender changes the formulation to use a cheaper ingredient. The change makes the pipe vulnerable to the elements, enabling it to fail prematurely. The blender's insurance limits are inadequate to deal with the magnitude of multiple losses.

All businesses depend on others to produce a finished product or service. Without proper planning and review of exposures these relationships create, a business can encounter unexpected claim costs. The intent of a *Risk Transfer Review Program* is to help assure that your business is not financially vulnerable to damages and claims due to acts, errors or omissions caused or contributed to by others. A program should be designed to uncover, remove and/or minimize exposure. Absent effective risk transfer, decisions of liability are often made in court. It is much better to have such decisions made in writing, at the beginning of a business relationship.

### Risk Transfer Techniques and Tools

For the purposes of this article, 'risk transfer' refers to ways to protect from having to pay for mistakes associated with activities and products that third parties (business partners, subcontractors, suppliers, etc.) control. The idea is to keep liability with the party best equipped to control exposures. The goal is also to make sure that these third parties are financially able to pay.

Key risk transfer tools include:

**Certificate of Insurance (COI).** This document, from a third party's insurance company, confirms what coverage is in force at the time it is issued and the expiration date. (Updated certificates must be requested annually, prior to expiration.)

**Hold Harmless (HH) Agreement.** This document establishes that one party holds another harmless under described circumstances. E.g., a painter, hired by a building owner, provides the building owner with a HH agreement. The painter spills paint on a nearby car. This document says the painter, not the building owner, is liable for the damages. HH agreements can be special contracts or standard contracts like on a work order, purchase order, etc. (Great care should be used with HH agreements! Legal counsel should check the language. Such agreements may not always hold up in court.)

**Vendors Coverage (VC).** This is an endorsement to a manufacturer's policy that says the manufacturer's insurance company extends its' product liability coverage to those who sell the manufacturer's products (usually retailers), without "change" in the event they are named in a product liability claim. (Carefully review terms of this endorsement to be aware of limitations of coverage such as what "change" activities may trigger an exclusion of coverage.)

If you do business with numerous third parties, you may decide to focus your risk transfer efforts on volume or "critical" suppliers. In this context, "critical" means products, components and/or materials whose failure is more likely to result in serious and/or frequent losses.

**A company's need will vary** based on what they do and the number and type of third parties with whom they do business. Desirable *Risk Transfer Review Program activities* may include, but are not limited to:

- Review and assess exposures knowingly retained by your business.
- Review exposures from businesses you work with and depend on.
- Conduct a hazard analysis to identify key or critical third parties. The analysis may be formal or informal, depending on your business.
- Implement a process to establish appropriate risk transfer with new third party relationships and to obtain annually new COIs or VC from established business partners, prior to the expiration of the old ones.
- Establish a process to review language in contracts you use and contracts others ask you to sign to maximize the protection they may give you and to help avoid giving up valuable legal rights.

**Each business relationship needs to be reviewed** for potential exposures. Each exposure needs to be understood, evaluated and properly handled to help protect you from being drawn into unexpected financial liability. There are two types of financial exposures to loss: a) those you know about and b) those you don't (until the unexpected event).

**Reviews should include** risk management professionals, your insurance broker and/or legal counsel familiar with contracts and product liability law. They can assist in determining what tools or combinations of tools are best to help protect you from the liability of others. These precautions are no different than other investments of time and money to protect your company's assets. Like any other investment, it should not be a one time event, but a program that is enforced and gets periodic review and revision.

**Other tools that can reinforce effective risk transfer** include, but are not limited to:

- Strong long term relationships with suppliers, vendors, subcontractors and other business partners can mean a vested interest in "doing the right thing." Keep in mind, that regardless of these long term and trusting relationships, "if it is not written, it does not exist."
- Where appropriate, requiring certificates of conformance or independent testing.
- Developing quality control and/or testing procedures for incoming products and materials or for services.
- For key volume and/or critical suppliers, inspecting or requiring appropriate "certification" of a third party's procedures.

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## Conclusion

All liability will eventually find a home. Good planning and sound legal counsel can help avoid surprises and make sure all roles and responsibilities are predetermined, agreed upon by all parties involved and clearly documented before an "event."

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## Please Contact Us

For more information, visit our Web site at [travelers.com/riskcontrol](http://travelers.com/riskcontrol), contact your Risk Control consultant, or e-mail [Ask-Risk-Control@travelers.com](mailto:Ask-Risk-Control@travelers.com).

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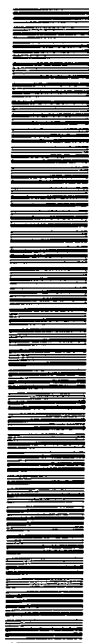
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## IMPORTANT NOTICE - INDEPENDENT AGENT AND BROKER COMPENSATION

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

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# OCEAN MARINE CLAIM

## COVERING THE WATERS OF THE WORLD

At Travelers, we know that professional claim handling means knowing that you'll get answers, not hassles. It means knowing that your clients will be treated fairly, and that their claims will receive prompt attention and unmatched professional service. It means knowing that you'll be working with an experienced staff who understand your client's business and will do what they promise - whether it's returning a phone call or e-mail, making a personal visit or sending a check. Most importantly, it's knowing that what matters to you is what matters to us.

Our dedicated Ocean Marine Claim Unit, under the leadership of Anthony Corsale, features professionals located where you need them - in the field. Working in tandem with our claim handlers, our recovery specialists help maximize your recovery potential while keeping your expenses to a minimum.

For the most efficient claim service, please call, fax or e-mail your claims directly to the regional or specialty manager for the state where you are located.

Region / Specialty	States	Manager
<b>West</b>	AZ, CA, CO, HI, NM, NV, UT	<b>Donna Zeller</b> Phone: 206.464.5740 Fax: 206.464.3432 E-mail: dzeller@travelers.com
<b>Northwest</b>	AK, ID, MT, OR, WA, WY	<b>Donna Zeller</b> Phone: 206.464.5740 Fax: 206.464.3432 E-mail: dzeller@travelers.com
<b>Midwest</b>	IA, IL (northern), IN, KY, MI, MN, ND, NE, OH, SD, WI	<b>Wyndell Hunt</b> Phone: 281.606.7251 Fax: 281.606.8516 E-mail: wdhunt@travelers.com
<b>Northeast</b>	CT, MA, ME, NH, NY, RI, VT	<b>Theresa Gilbert</b> Phone: 917.778.6411 Fax: 917.778.7009 E-mail: tgilbert@travelers.com
<b>Mid-Atlantic and Southeast</b>	AL, DC, DE, FL, GA, MD, NC, NJ, PA, SC, TN, VA, WV	<b>Mark Smieya</b> Phone: 732.205.9275 Fax: 888.479.0550 E-mail: msmieya@travelers.com
<b>South Central</b>	AR, IL (southern), KS, LA, MO, MS, OK, TX	<b>Wyndell Hunt</b> Phone: 281.606.7251 Fax: 281.606.8516 E-mail: wdhunt@travelers.com
<b>Recovery</b>	Countrywide	<b>Suzanne Chaffer</b> Phone: 631.577.7403 Fax: 631.577.7877 E-mail: schaffer@travelers.com
<b>Yachts</b>	Countrywide	<b>Joe Grenzebach</b> Phone: 954.677.3329 Fax: 954.735.9028 E-mail: jgrenzeb@travelers.com



## DISCLOSURE NOTICE

### TERRORISM RISK INSURANCE ACT OF 2002

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The premium charge shown below is for coverage under this policy for insured losses covered by the Act. This terrorism premium does not include any charges for the portion of insured losses covered by the federal government under the Act.

If \$0 is shown below for the certified acts of terrorism premium charge, this policy provides such terrorism coverage for no premium charge.

The certified acts of terrorism premium charge shown below applies to all coverage under this policy for Insured Losses covered by the Act that you purchased for a premium charge. For any insuring agreement or coverage part for which you did not purchase such terrorism coverage, this policy may include one or more terrorism exclusions that apply to certified acts of terrorism. Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the applicable definition of certified acts of terrorism no longer requires that the act of terrorism be committed on behalf of a foreign person or foreign interest. Therefore, each such exclusion is not limited to an act of terrorism committed on behalf of a foreign person or interest.

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**Name of Insured:** PACIFIC PILE & MARINE LP

**Policy Number:** OL08400599

**Effective Date:** 06/09/09

**Certified Acts Of Terrorism Premium Charge:** \$3,300

**Processing Date:** 12/23/09 12:28 002

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COPY

**POLICY CHANGE ENDORSEMENT - FOR CERTAIN TYPES OF CHANGES ONLY**

The **St Paul**

This endorsement summarizes certain changes to your policy. All other terms of your policy not affected by these changes remain the same.

**How Your Policy Is Changed**

The following item(s):

- |  |   |
|--|---|
| <input type="checkbox"/> Insured's Name                        | <input type="checkbox"/> Insured's Mailing Address                  |
| <input type="checkbox"/> Policy Number                         | <input type="checkbox"/> Company                                    |
| <input type="checkbox"/> Effective/Expiration Date             | <input type="checkbox"/> Insured's Legal Status/ Bus. of Insured    |
| <input type="checkbox"/> Payment Plan                          | <input type="checkbox"/> Premium Determination                      |
| <input type="checkbox"/> Additional Interested Parties         | <input checked="" type="checkbox"/> Coverage Forms and Endorsements |
| <input type="checkbox"/> Limits/Exposures                      | <input type="checkbox"/> Deductibles                                |
| <input type="checkbox"/> Covered Property/Location Description | <input type="checkbox"/> Classification/Class Codes                 |
| <input type="checkbox"/> Rates                                 | <input type="checkbox"/> Underlying Insurance                       |

is (are) changed to read: (See also back page and additional page(s) if applicable)

In consideration of an additional premium of \$3,300 it is hereby understood and agreed that TRIA coverage is added.

The following forms are added:

Disclosure Notice Terrorism Risk Insurance Act Of 2002 - D0100  
CAP On Losses From Certified Acts Of Terrorism Endorsement - D0144

The following forms have been deleted:

Disclosure Notice Terrorism Risk Insurance Act Of 2002 Rejection Of Our Offer Of Coverage - D0101  
Terrorism Risk Insurance Act Certified Acts of Terrorism Exclusion Endorsement - OMOL0129

**Premium Change Which Is Due Now**

☐ No change ☐ To be adjusted at audit

Additional premium \$3,300

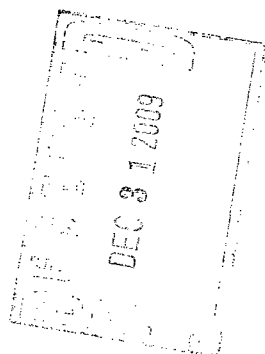
Returned premium

If issued after the date your policy begins, these spaces must be completed and our representative must sign below.

Policy issued to:  
PACIFIC PILE & MARINE LP

Authorized representative

Endorsement takes effect: Policy number:  
06/09/09 OL08400599  
Processing date: 12/23/09 12:28 002



## CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

This endorsement changes any and all property or other first-party protection and any and all liability protection provided by your policy, other than any of the following provided by your policy:

- Coverage that is changed by an exclusion that applies to certified acts of terrorism.
- Commercial auto coverage.
- Commercial crime coverage.
- Coverage that has Professional Liability in the title of that insuring agreement.

### How Coverage Is Changed

There are two changes which are explained below.

1. The following is added to your insuring agreement. This change can limit coverage for losses arising out of certified acts of terrorism if such losses are otherwise covered by your policy.

If aggregate insured losses attributable to certified acts of terrorism exceed \$100 billion in a Program Year (January 1 through December 31), and we have met our insurer deductible under the Terrorism Risk Insurance Act:

- we won't be responsible for the payment of any portion of the amount of such losses that exceeds \$100 billion; and
- insured losses up to \$100 billion will be subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**Certified act of terrorism** means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal

Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:

- The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  - The act is a violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy.

### Other Terms

All other terms of your policy remain the same.

CC: 000 D628

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**POLICY CHANGE ENDORSEMENT - FOR CERTAIN TYPES OF CHANGES ONLY**The **St Paul**

This endorsement summarizes certain changes to your policy. All other terms of your policy not affected by these changes remain the same.

**How Your Policy Is Changed**

The following item(s):

- |  |  |
|--|--|
| <input type="checkbox"/> Insured's Name                        | <input type="checkbox"/> Insured's Mailing Address               |
| <input type="checkbox"/> Policy Number                         | <input type="checkbox"/> Company                                 |
| <input type="checkbox"/> Effective/Expiration Date             | <input type="checkbox"/> Insured's Legal Status/ Bus. of Insured |
| <input type="checkbox"/> Payment Plan                          | <input checked="" type="checkbox"/> Premium Determination        |
| <input type="checkbox"/> Additional Interested Parties         | <input type="checkbox"/> Coverage Forms and Endorsements         |
| <input type="checkbox"/> Limits/Exposures                      | <input type="checkbox"/> Deductibles                             |
| <input type="checkbox"/> Covered Property/Location Description | <input type="checkbox"/> Classification/Class Codes              |
| <input type="checkbox"/> Rates                                 | <input type="checkbox"/> Underlying Insurance                    |

is (are) changed to read: (See also back page and additional page(s) if applicable)

Effective June 9, 2008 and in consideration of an additional premium of \$6,226 it is hereby understood and agreed that the audit for the June 8, 2008 to June 9, 2009 is calculated as follows:

\$25,000,000	Gross Receipts	\$2,075,367	Gross Receipts
x 45%	Rate up to \$25 million	x 30%	Rate over \$25 million
-----		-----	
\$ 112,500	Earned Premium	\$ 6,226	Earned Premium

Total Earned Premium: \$118,726  
Less Deposit Premium: \$112,500 ✓

Additional Premium Due: \$6,226

**Premium Change Which Is Due Now**☐ No change ☐ To be adjusted at audit

Additional premium \$6,226

Returned premium

If issued after the date your policy begins, these spaces must be completed and our representative must sign below.

Policy issued to:  
PACIFIC PILE & MARINE LP

Authorized representative

Endorsement takes effect: Policy number:  
06/09/08 OL08400599

Processing date: 12/16/09 12:32 005

DEC 22 2009

CC: 000 D628  
\* M: 00 I: 000 T: 004  
\* 5 C O O 2 0 L O 8 4 0 0 5 9 9 4 0 1 9

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**POLICY CHANGE ENDORSEMENT - FOR CERTAIN TYPES OF CHANGES ONLY**

The **StPaul**

This endorsement summarizes certain changes to your policy. All other terms of your policy not affected by these changes remain the same.

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**How Your Policy Is Changed**

The following item(s):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Insured's Name             | <input type="checkbox"/> Insured's Mailing Address               |
| <input type="checkbox"/> Policy Number                         | <input type="checkbox"/> Company                                 |
| <input type="checkbox"/> Effective/Expiration Date             | <input type="checkbox"/> Insured's Legal Status/ Bus. of Insured |
| <input type="checkbox"/> Payment Plan                          | <input type="checkbox"/> Premium Determination                   |
| <input type="checkbox"/> Additional Interested Parties         | <input type="checkbox"/> Coverage Forms and Endorsements         |
| <input type="checkbox"/> Limits/Exposures                      | <input type="checkbox"/> Deductibles                             |
| <input type="checkbox"/> Covered Property/Location Description | <input type="checkbox"/> Classification/Class Codes              |
| <input type="checkbox"/> Rates                                 | <input type="checkbox"/> Underlying Insurance                    |

is (are) changed to read: (See also back page and additional page(s) if applicable)

Effective February 5, 2009 and in consideration of the premium charged it is hereby understood and agreed that the following has been added as a Named Insured:

Pacific Pile & Marine LP, Limited Partnership,  
Pacific Pile & Marine Management INC, GP

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**Premium Change Which Is Due Now**

☒ No change ☐ To be adjusted at audit

Additional premium

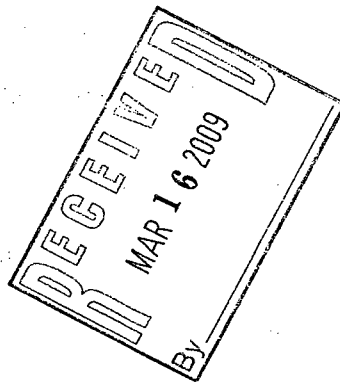
Returned premium

If issued after the date your policy begins, these spaces must be completed and our representative must sign below.

Policy issued to:  
PACIFIC PILE & MARINE LP

Authorized representative

Endorsement takes effect: Policy number:  
02/05/09 OL08400599  
Processing date: 03/11/09 13:23 004





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**POLICY CHANGE ENDORSEMENT - FOR CERTAIN TYPES OF  
CHANGES ONLY**The **St Paul**

This endorsement summarizes certain changes to your policy. All other terms of your policy not affected by these changes remain the same.

**How Your Policy Is Changed**

The following item(s):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Insured's Name             | <input type="checkbox"/> Insured's Mailing Address               |
| <input type="checkbox"/> Policy Number                         | <input type="checkbox"/> Company                                 |
| <input type="checkbox"/> Effective/Expiration Date             | <input type="checkbox"/> Insured's Legal Status/ Bus. of Insured |
| <input type="checkbox"/> Payment Plan                          | <input type="checkbox"/> Premium Determination                   |
| <input type="checkbox"/> Additional Interested Parties         | <input type="checkbox"/> Coverage Forms and Endorsements         |
| <input type="checkbox"/> Limits/Exposures                      | <input type="checkbox"/> Deductibles                             |
| <input type="checkbox"/> Covered Property/Location Description | <input type="checkbox"/> Classification/Class Codes              |
| <input type="checkbox"/> Rates                                 | <input type="checkbox"/> Underlying Insurance                    |

is (are) changed to read: (See also back page and additional page(s) if applicable)

Effective January 12, 2009 and in consideration of the premium charged it is hereby understood and agreed that the following has been added as a Named Insured:

Brackish Properties, LLC

**Premium Change Which Is Due Now**

☒ No change      ☐ To be adjusted at audit

Additional premium

Returned premium

If issued after the date your policy begins, these spaces must be completed and our representative must sign below.

Policy issued to:  
PACIFIC PILE & MARINE LP

Authorized representative

Endorsement takes effect:      Policy number:  
01/12/09      OL08400599

Processing date: 03/11/09 13:11 003

